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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

November 16, 1998

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: Ex Parte Communication in CS Docket No. 98-120

Dear Ms. Salas:

Lawrence R. Sidman, representing Thomson Consumer Electronics, Inc., forwarded today, via facsimile transmission, to the appropriate legal advisors for each Commissioner, the attached press release regarding Thomson's and Zenith's extended conditional access copy protection proposal for use with the IEEE 1394 standard. This proposal is relevant to the digital television, cable compatibility issues discussed in CS Docket No. 98-120.

In accordance with Section 1.1206 of the Commission's Rules, an original and one copy of this letter and a copy of the press release are being filed with your office.

If you have any questions concerning this matter, please do not hesitate to contact me directly.

Respectfully submitted,

Lawrence R. Sidman

Lawrence R. Sidman

Enclosures

cc: Susan Fox, Office of Chairman Kennard
Anita Wallgren, Office of Commissioner Ness
Jane Mago, Office of Commissioner Powell
Helgi Walker, Office of Commissioner Furchtgott-Roth
Rick Chessen, Office of Commissioner Tristani

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News

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARYContact: Dave Arland
ArlandD@tce.com
James Harper
HarperJ@tce.com**NEW DIGITAL COPY PROTECTION PROPOSAL
WOULD SECURE AUTHORIZED COPIES****One-time digital home recording protects
both consumer's rights and recorded content**

WASHINGTON, D.C., November 13, 1998 - A new technology to protect against unauthorized copying of television programs and movies in the digital age will soon be reviewed by the industry working group charged with examining copy protection approaches for digital interfaces.

Thomson Consumer Electronics and Zenith Electronics Corporation are jointly proposing a digital copy protection method dubbed "XCA" for Extended Conditional Access. XCA allows for copy protection of home recordings on both one-way and two-way interfaces and uses a renewable security system. XCA is easily and inexpensively implemented for all digital interfaces (such as the EIA-762 RF Remodulator Standard and the IEEE 1394 Interface) that will be used between digital television sets and other digital devices, including digital VCRs, DVD players, and cable TV equipment in the near future.

"Other copy protection proposals provide no mechanism to prevent multiple generations of copies. Any copies of a program made by a consumer might be easily duplicated by others - including video pirates," explained Ed Milbourn, product manager for Digital Television at Thomson Consumer Electronics. "The XCA method will allow copies only of encrypted data, with decryption occurring just in the display device. In the architecture, only original content or first generation copies would be displayed," he said.

Tom Sorensen, Zenith vice president, Digital Business Development, said, "We believe that those who produce movies and TV shows should be concerned that some copy protection schemes do nothing to prevent recording the data in-the-clear. Extended Conditional Access is an elegant, simple solution that addresses this issue head-on."

RCA**PROSCAN**

RECEIVED**NOV 16 1998****Page 2: TCE/Zenith Proposal**FEDERAL COMMUNICATIONS COMMISSION
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The XCA method avoids complex two-way key exchange schemes and allows for simple one-way copy protection across any digital interface. The joint Thomson/Zenith proposal also eliminates the need for embedded software secrets in consumers' television sets or recording machines that could someday be "hacked."

Another major problem with the other proposals is that they are interface-specific. Manufacturers would be required to support different copy protection solutions if they choose to implement different digital interfaces. This is likely not acceptable to the consumer electronics industry as it introduces unnecessary complexity to digital product design and manufacturing, resulting in a cost increase, Milbourn explained.

Thomson and Zenith - among the largest TV marketers in the U.S. and accounting for about one-third of all TV sales - plan to submit their XCA proposal to an engineering working group of the Consumer Electronics Manufacturers Association (CEMA), a committee formed to evaluate the impact of different architectures for protecting copyrighted digital content on consumer electronics devices.

"Digital copy protection is important for consumer recording devices and also for the successful rollout of digital television throughout the United States," Zenith's Sorensen said. "Digital transmissions can be recorded and duplicated without degradation - a key improvement over analog recording. This necessitates an effective and flexible means of preventing the creation of multiple generations of perfect copies of digital entertainment content."

With XCA, manufacturers would not be required to build overly complex software into consumer devices. Some copy protection schemes proposed by other companies would allow a cable company or movie studio to single-handedly disable a television or VCR through the cable TV connection. This process, while attractive to some in the video content business, would mean a sweeping change in how consumer products are used. Consumers would be forced to determine what led to the deactivation, and how best to restore the product's usefulness.

"The beauty of the XCA proposal is its simplicity. It's easily renewable with a simple 'smart card,' much like current digital satellite receiving systems. And our method would keep pirates at bay in the digital environment," Thomson's Milbourn said.

Page 3: TCE/Zenith Proposal**About Thomson**

The nation's largest manufacturer and marketer of home entertainment products, Thomson markets under the RCA, PROSCAN, and GE brand names. Thomson makes and sells TV sets, VCRs, digital satellite receiving systems, camcorders, digital video disc players, and wide range of consumer audio and communications products. Thomson is based in Indianapolis, where the company's technical center employs more than 700 engineers and technicians for audio/video product research and development.

About Zenith

Founded in 1918, Zenith is a long-time leader in consumer electronics. Zenith products include direct-view and projection home theater television systems, VCRs, DVD players, accessories, set-top boxes and cable modems. Zenith is a primary developer of digital high-definition television (HDTV) and pioneered development of the EIA-762 RF interface, adopted by CEMA as an industry-standard digital interface. The company's corporate headquarters and technology center are in Glenview, Ill.

For more information, contact:

Thomson: Dave Arland, (317) 587-4450
Zenith: John Taylor, (847) 391-8181